

STATE OF NEW JERSEY  
BUREAU OF SECURITIES  
P.O. Box 47029  
NEWARK, New Jersey 07101  
(973) 504-3600

IN THE MATTER OF:

Kevin Ruggiero

CRD # 2765188

Respondent

SUMMARY BAR ORDER

To: Kevin Ruggiero  
Otisville FCI  
P.O. Box 600  
Otisville, NY 10963

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau"), by the Uniform Securities Law as amended, L. 1997, c. 276, N.J.S.A. 49:3-47 to N.J.S.A. 49:3-76 ("Law"), more specifically, N.J.S.A. 49:3-56 and after careful review and due consideration of:

- 1) Superseding Indictment, CR-S-00-0193-KJD-LRL, United States of America v. Max Clark Tanner, Kevin John Ruggiero, Dennis Dean Evans, Kenneth William Kurtz, and Mark Anthony Taylor, United States District Court, District of Nevada, Filed September 19, 2000 ("Indictment").
- 2) Plea Memorandum, CR-S-00-0193-KJD-LRL, United States of America, Plaintiff v. Kevin Ruggiero, Defendant(s), United States District Court, District of Nevada, April 14, 2001 ("Plea Memorandum");
- 3) Complaint, 02-CIV-0306, United States Securities and Exchange Commission

("Commission") v. United States of America v. Max C. Tanner, Kevin J. Ruggiero, Dennis Evans, Kenneth Kurtz, Michael Boston, Alex Sheyfer, Alexander Zalmenenko, Kevin Kirkpatrick, and Mark A. Taylor, United States District Court, Southern District of New York, January 14, 2002 ("SEC Complaint");

- 4) Order Instituting Administrative Proceedings, Making Findings, and Imposing a Remedial Sanction Pursuant to Section 15(b) of the Securities Exchange Act of 1934, File No. 3-10862, August 13, 2002; and
- 5) Sentencing Report, United States of America v. Kevin Ruggiero, United States District Court, District of Nevada, February 24, 2003 ("Sentencing Report");

the Bureau Chief makes the following findings of fact:

1. Kevin Ruggiero ("Ruggiero"), a resident of 661 Lake Shore Drive, Hewitt, New Jersey 07421, was a registered representative and principal with the now defunct securities brokerage firm Baxter, Banks & Smith, Ltd. ("Baxter"), from around November 1997 to approximately November 1998. During his employment, Ruggiero oversaw the trading activities of all brokers employed in the Baxter branch offices in New York City, and reviewed all of the trades executed on behalf of customers of those branches.

2. From on or about November 1997, Ruggiero, and other defendants including Tanner, Evans, Kurtz, and Taylor began orchestrating a sham merger between the company Maid Aide and a Florida trucking company. The defendants conspired to create an artificial market demand for Maid Aide stock, thereby manipulating its price. The defendants, including Ruggiero, were paid excessive kickbacks, used false and misleading statements, and failed to disclose material information regarding the sale of Maid Aide stock to unsuspecting investors. Furthermore, Ruggiero and the other participants in the scheme generated illegal profits for themselves that they disbursed



through nominee bank accounts to themselves, concealing the source of the illegal proceeds and promoting the scheme. As a result, the investing public lost millions of dollars.

3. On September 19, 2000, in the Indictment, the grand jury charged the defendants in the case of the United States of America v. Max Clark Tanner, Kevin John Ruggiero, Dennis Dean Evans, Kenneth William Kurtz, and Mark Anthony Taylor, in the United States District Court, District of Nevada, with 37 Counts. Specifically, Ruggiero was charged with: one (1) count of conspiracy to commit securities fraud, in violation of 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5, mail fraud, in violation of 18 U.S.C. §§ 1341 and 1346, and wire fraud, in violation of 18 U.S.C. §§ 1343 and 1346, during the period from in or about September 1996 to in or about November 1998, in violation of 18 U.S.C. § 371; one (1) count of securities fraud, in violation of 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5; four (4) counts of mail fraud, in violation of 18 U.S.C. §§ 1341 and 1346; and eight (8) counts of wire fraud, in violation of 18 U.S.C. §§ 1343 and 1346.

4. On April 14, 2001, Ruggiero signed a Plea Memorandum with the Tax Division of the United States Department of Justice, subject to the acceptance of the United States District Court for the District of Nevada. Under the Plea Agreement, Ruggiero plead guilty to Count One of the Indictment charging him with conspiracy to commit securities fraud, in violation of 15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5, mail fraud, in violation of 18 U.S.C. §§ 1341 and 1346, and wire fraud, in violation of 18 U.S.C. §§ 1343 and 1346, during the period from in or about September 1996 to in or about November 1998, in violation of 18 U.S.C. § 371.

5. On January 14, 2002, the SEC Complaint was filed in the Southern District of New York alleging that from March 1998 through June 1999, the Defendants engaged in a pump and dump scheme involving the stock of Maid Aide, Inc., a shell company trading on the Over-the-Counter Bulletin Board ("OTC-BB"). Further, it is alleged that as a result of the scheme, Maid Aide traded

at artificially inflated prices, allowing the defendants to dump close to half a million shares into the market for proceeds of over \$3.7 million. The SEC Complaint charged the defendants with violations of the anti-fraud provisions of the federal securities laws, specifically Section 17(a) of the Securities Act of 1933 ("Securities Act"), Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 10b-5 thereunder. Individually, the SEC Complaint charged Ruggiero with violations of Sections 5(a) and 5(c) of the Securities Act. The Commission sought injunctions prohibiting future violations of the securities laws, disgorgement, and civil penalties.

6. On July 26, 2002, the Honorable William H. Pauley, United States District Judge for the Southern District of New York, entered Final Consent Judgments of Injunction and Other Relief ("Judgments") against Ruggiero. The Judgments enjoined him from future violations of Section 17(a) of the Securities Act, and Sections 5(a), 5(c), and 10(b) of the Exchange Act, and Rule 10b-5 promulgated thereunder.

7. On August 13, 2002, the Commission instituted a settled administrative proceeding pursuant to Section 15(b) of the Exchange Act against Ruggiero, a registered representative and principal of Baxter. Ruggiero consented to the order barring him from association with any broker or dealer.

8. On February 24, 2003, a Sentencing Report was filed in the case of United States of America v. Kevin Ruggiero in the United States District Court, District of Nevada, before the Honorable Kent J. Dawson. Based on Ruggiero pleading guilty to one count of Conspiracy to Commit Securities Fraud, Mail Fraud, and Wire Fraud under 18 U.S.C. § 371, all remaining counts were dismissed. Furthermore, Ruggiero is committed to the custody of the United States Bureau of Prisons to be imprisoned for a total term of 30 months at a Federal Prison Camp, Otisville FCI in Otisville, New York. Ruggiero was required to surrender for service of sentence at the institution designated by the Bureau of Prisons before 2 p.m. on May 23, 2003. Upon release from



imprisonment, the defendant shall be on supervised release for a term of three (3) years.

9. The fact that Ruggiero was convicted of crimes involving theft and fraudulent practices pertaining to state securities and anti-fraud laws is grounds pursuant to N.J.S.A. 49:3-56(k) to summarily bar Ruggiero from being a partner, officer or director of an issuer, broker-dealer or investment adviser, or from occupying a similar status or performing a similar function or from directly or indirectly controlling or being controlled by an issuer, broker-dealer or investment adviser, or from acting as a broker-dealer, agent or investment adviser in New Jersey.

10. Inasmuch as Ruggiero was convicted of theft and fraudulent practices in regard to state securities and anti-fraud laws, and sentenced to thirty (30) months in Federal Prison, it is hereby found that summarily barring Ruggiero from the securities business:

- (a) is in the public interest;
- (b) will accomplish the protection of investors by excluding such persons from the securities business and dissuading others from committing similar violations; and
- (c) is consistent with purposes fairly intended by the policy and provisions of the Law, namely, engendering confidence that those licensed to effect securities transactions will deal fairly and honestly with the investing public.

For the reasons stated above, it is on this 10th DAY of June 2003, ORDERED that Kevin Ruggiero be, and hereby is, summarily barred, pursuant to N.J.S.A. 49:3-56(k), from being a partner, officer or director of an issuer, broker-dealer or investment adviser, or from occupying a similar status or performing a similar function or from directly or indirectly controlling or being controlled by an issuer, broker-dealer or investment adviser, or from acting as a broker-dealer, agent or investment adviser in New Jersey.

A copy of this Order shall be promptly served upon Kevin Ruggiero.

By: Franklin L. Widmann  
Franklin L. Widmann  
Chief, Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to N.J.S.A. 49:3-56(k), any person barred by this subsection shall be entitled to request a hearing by the same procedures as set forth in subsection (c) of N.J.S.A. 49:3-50. Pursuant to N.J.S.A. 49:3-50(c)(1), upon service of the order issued by the Bureau Chief, the respondent shall have up to 15 days to respond to the Bureau in the form of a written answer and written request for a hearing. The Bureau Chief shall, within five days of receiving the answer and a request for a hearing, either transmit the matter to the Office of Administrative Law for a hearing or schedule a hearing at the Bureau. Orders issued pursuant to subsection (c) shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the order shall be held in any event within 20 days after it is requested; and the filing of a motion to vacate the order shall toll the time for filing an answer and written request for a hearing.

Pursuant to N.J.S.A. 49:3-50(c)(2) if a respondent fails to respond by either filing a written answer and written request for a hearing with the bureau or moving to vacate an order within the 15 day prescribed period, the respondent shall be deemed to have waived the opportunity to be heard. The Order will remain in effect until modified or vacated upon notice to all interested parties by the Bureau Chief.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law (1997), N.J.S.A. 49:3-47 et seq., provides several enforcement remedies which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69.

You are further advised that the entry of this Order does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.